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8 UNITED STATES BANKRUPTCY COURT
9 DISTRICT OF OREGON

10 *In re*

11 JAMES JOEL HOLMAN and CANDICE
12 EVANGELINE HOLMAN,

13 Debtors.

14 DWIGHT and LAURA DANIELS,
15 husband and wife,

16 Plaintiffs,

17 v.

18 JAMES JOEL HOLMAN and CANDICE
19 EVANGELINE HOLMAN,

Defendants.

Case No. 14-35381-rld7

Adversary Proceeding No. _____

**COMPLAINT TO DETERMINE
DISCHARGEABILITY OF DEBT AND
FOR DAMAGES**

(Fraud; Misrepresentation)

JURY DEMAND

20 Under the provisions of 11 U.S.C. §§ 523(a)(2)(A), 523(a)(2)(B), and 1328(a)(2), and
21 Rules 4007 and 7001 of the Federal Rules of Bankruptcy Procedure, Plaintiffs Dwight and Laura
22 Daniels request that the Court determine that particular financial obligations of debtors James
23 and Candice Holman to Plaintiffs are nondischargeable. In support of this Complaint, Plaintiffs
24 allege as follows:
25

26 Page 1 – COMPLAINT TO DETERMINE DISCHARGEABILITY
OF DEBT

SLINDE NELSON STANFORD
111 SW 5th Avenue, Suite 1940
Portland, Oregon 97204
p. 503.417.7777; f. 503.417.4250

1 **INTRODUCTION**

2 1. On September 23, 2014 (“Petition Date”), Defendants filed a Petition for Relief in
3 the District of Oregon under Chapter 7 of the U.S. Bankruptcy Code, Case No. 14-35381-rld7.

4 2. Defendants listed their physical address in a written filing with this Court as
5 26280 S. Milk Creek Circle, Mulino, Oregon 97042. Counsel for Defendants is Stephen T.
6 Boyke, whose address is 806 SW Broadway #1200, Portland, Oregon 97205.

7 **PARTIES**

8 3. Plaintiffs are a married couple who are residents of California.

9 4. Defendants are Oregon residents.

10 **JURISDICTION AND VENUE**

11 5. The Court has jurisdiction of this matter under 28 U.S.C. § 1334, and this matter
12 constitutes a core proceeding under 28 U.S.C. § 157(b)(2)(I). Venue is proper under 28 U.S.C. §
13 1409(a).

14 **BACKGROUND**

15 6. Around early 2011, Plaintiffs were introduced to Defendants by a mutual
16 acquaintance. Plaintiffs had expressed a desire to invest capital into particular types of
17 businesses, and Defendants operated a business that appeared to meet the requisite criteria.

18 7. Defendants’ business, Pacific Courier Services, LLC (“PCS”), was essentially
19 similar to a Federal Express-type business for the Pacific Northwest.

20 8. After some initial discussions, Plaintiffs agreed to loan \$300,000 to Defendants
21 on generous terms, including a mere 10% interest and three years of interest-only payments of
22 around \$2,500 a month (the “Loan”).

23 9. The Loan was evidenced by a Secured Promissory Note dated February 24, 2011,
24 a copy of which is attached as Exhibit 1 (the “Promissory Note”).

1 10. The Loan was purportedly secured in three ways: (1) through a Deed of Trust in
2 Defendants' personal residence at 26280 Milk Creek Circle (the "Mile Creek Home") (copy
3 attached as Exhibit 2); (2) through Mr. Holman naming Dwight Daniels as a beneficiary in
4 connection with a life insurance policy (copy attached as Exhibit 3); and (3) in the assets of PCS,
5 evidenced through a UCC-1 Financing Statement (#8730073) identifying Dwight Daniels as the
6 secured party and PCS as the debtor (copy attached as Exhibit 4).

7 11. At or around the time of the Loan, Defendants provided Plaintiffs a "Personal
8 Financial Statement" indicating that, as of February 2011, Defendants had equity of \$325,000 in
9 the Milk Creek Home evidenced by \$775,000 present market value and a \$450,000 mortgage. A
10 copy of this Personal Financial Statement is attached as Exhibit 5.

11 12. Despite the generous terms of the Loan, Defendants had difficulty making
12 payments almost immediately. Plaintiffs agreed to defer payments in August and September
13 2011 to try and help Defendants, and then there were additional missed payments in 2012.

14 13. In January 2013, PCS filed for bankruptcy under Chapter 11 (later converted to
15 Chapter 7).

16 14. Around that time, Defendants stopped paying even the interest-only payments
17 under the Loan.

18 15. Plaintiffs have subsequently learned that Defendants' representation of having
19 equity of approximately \$325,000 in the Milk Creek Home was false. There was a first
20 mortgage of \$325,000 to Bank of America and a second mortgage to a credit union of another
21 \$250,000. Moreover, as of August 2013, an appraisal identified the Milk Creek Home as being
22 worth approximately \$510,000. So contrary to their representation that Plaintiffs reasonably
23 relied on of having equity of \$325,000 in the Milk Creek Home, Defendants actually had zero
24 (less than zero) equity in the Milk Creek Home.

1 16. In addition, on August 18, 2011, Defendants caused Plaintiffs UCC-1 Financing
2 Statement to be terminated without notifying Plaintiffs. A copy of that termination is attached
3 as Exhibit 6.

4 **CLAIMS FOR RELIEF**

5 **FIRST CLAIM FOR RELIEF:**

6 **MONEY OBTAINED THROUGH FALSE PRETENSES,**

7 **FALSE REPRESENTATIONS OR ACTUAL FRAUD**

8 **(11 U.S.C. § 523(a)(2)(A))**

9 17. Plaintiffs realleges and incorporate the preceding paragraphs.

10 18. The Personal Financial Statement contains material representations about the
11 financial condition of Defendants, including in particular the amount of equity Defendants
12 allegedly had in the Milk Creek Home as of February 2011. Defendants intended Plaintiffs to
13 rely on these representations in connection with the Loan and induced Plaintiffs to make the
14 Loan through these representations.

15 19. Plaintiffs reasonably relied on the Defendants' representations in the Personal
16 Financial Statement. But for these representations, Plaintiffs would not have made the Loan.

17 20. Defendants' representations in the Personal Financial Statement about the equity
18 in the Milk Creek Home were false at the time the Personal Financial Statement was presented to
19 Plaintiffs. Defendants either knew or reasonably should have known of their falsity.

20 21. In addition, Defendants' actions in causing the UCC-1 Financing Statement to be
21 filed and then intentionally terminating that UCC-1 Financing Statement without Plaintiffs'
22 knowledge or permission, also constitutes false pretenses, a false representation, and actual
23 fraud. Defendants intended Plaintiffs to rely on the UCC-1 Financing Statement, and Plaintiffs'
24 in fact reasonably relied on the existence of the UCC-1 Financing Statement at or around the
25 time of the Loan.

1 22. As a result of Defendants' false pretenses, false representations and actual fraud,
2 Plaintiffs have suffered damages including but not limited to \$300,000 and all applicable interest
3 and fees under the Loan. These damages are nondischargeable.

4 **SECOND CLAIM FOR RELIEF:**

5 **MONEY OBTAINED THROUGH USE A MATERIALLY FALSE**

6 **STATEMENT IN WRITING**

7 **(11 U.S.C., § 523 (a)(2)(B))**

8 23. Plaintiffs reallege and incorporate the preceding paragraphs.

9 24. The Personal Financial Statement constitutes a written statement about
10 Defendants' financial condition. It was materially false in that it misrepresented or outright lied
11 about the amount of equity that Defendants had in the Milk Creek Home. Defendants published
12 it to Plaintiffs with the intent that Plaintiffs rely on the information in the Personal Financial
13 Statement, and Plaintiffs did in fact rely on the information in the Personal Financial Statement.

14 25. As a result of Defendants' materially false written statement, Plaintiffs have
15 suffered damages including but not limited to \$300,000 and all applicable interest and fees under
16 the Loan. These damages are nondischargeable.

17 **PRAYER FOR RELIEF**

18 WHEREFORE Plaintiffs respectfully request that the Court enter judgment as follows:

19 1. Declaring the entirety or at least a portion of Defendants' debt to Plaintiffs to be
20 nondischargeable under one or more subsections of 11 U.S.C. § 523(a);

21 2. Awarding Plaintiffs a judgment against Defendants in an amount not less than
22 \$300,000 plus pre- and post-judgment interest at the appropriate rate as well as costs of
23 collection; and

24 ////

25 ////

3. Awarding Plaintiffs such other relief as the Court may deem just and proper.

DATED this 29th day of December, 2014.

SLINDE NELSON STANFORD

By: /s/ Darian A. Stanford

Darian A. Stanford, OSB No. 994491

R. Hunter Bitner III, OSB No. 011146

Of Attorneys for Dwight and Laura Daniels

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served the attached **COMPLAINT TO DETERMINE**
3 **DISCHARGEABILITY OF DEBT** on the following person(s) on the date indicated below:

4 Mr. Stephen T. Boyke
5 Law Offices of Stephen T. Boyke
6 806 SW Broadway #1200
7 Portland, OR 97205
8 *Of Attorneys for Debtors*

8 By the following indicated method(s):

- 9 ☐ By **faxing** full, true, and correct copies thereof to said attorney to the fax number noted
10 above, which is the last known fax number for said attorney, on the date set forth
11 below.
12 ☐ By **emailing** full, true, and correct copies thereof to say attorney to the email address
13 noted above, which is the last known email address for said attorney, on the date set
14 forth below.
15 ☒ By notice of electronic filing using the E-filing system (LGR 30).
16 ☐ By causing full, true and correct copies thereof to be **mailed** to the attorney(s) at the
17 attorney(s) last-known office address (as) listed above on the date set forth below.

16 DATED: December 29, 2014.

18 SLINDE NELSON STANFORD

19 By: /s/ Darian A. Stanford

20 Darian A. Stanford, OSB No. 994491
21 R. Hunter Bitner III, OSB No. 011146
22 *Of Attorneys for Dwight and Laura*
23 *Daniels*

EXHIBIT 1

SECURED PROMISSORY NOTE

\$300,000.00

Portland, OR
February 24, 2011

For value received, James J Holman and Candice E Holman located at 26280 S Milk Creek Circle, Mulino, OR 97042 ("Borrower"), hereby unconditionally promises to pay to the order of Dwight E Daniels and Laura J Daniels located at 23 Carmel Bay Drive, Corona Del Mar, CA 92625 ("Lender"), at such place as Lender may from time to time designate in writing, the principal amount of Three Hundred Thousand Dollars (\$300,000), in lawful money of the United States of America, with interest and fees as provided below, from the date hereof, until paid.

1. **Principal.** The principal amount of this note ("Note") is Three Hundred Thousand Dollars (\$300,000).
2. **Interest.**
 - 2.1 **Rate.** Borrower promises to pay interest on the outstanding principal balance of this Note at the rate of ten percent (10%) per annum from the date hereof until paid. Interest shall be computed on the basis of a 360-day year for the actual number of days preceding payment.
 - 2.2 **Loan Fee.** Borrower will pay a one time loan fee of Six Thousand Dollars (\$6,000) upon commencement of this note.
3. **Payment.**
 - 3.1 **Interest.** Accrued interest shall be paid monthly with a due date on the first of every month.
 - 3.2 **Maturity.** All principal and any unpaid accrued interest, together with any sums due under this note to Lender under the terms of any Security Instrument securing repayment of this Note, shall be due and payable on April 1, 2014.
 - 3.3 **Repayment.** Payments shall be interest only for thirty six (36) months in the amount of two thousand five hundred dollars (\$2,500) per month. The principal amount shall be paid in full on the maturity date. All payments shall be applied first to interest in arrears, then to reduction of principal, provided, however, Lender may apply any payments received to other obligations of Borrower under the Security Instrument securing repayment of this Note.
 - 3.4 **Prepayment.** This Note may be prepaid without penalty at any time by paying only the entire principal balance and accrued interest, and any other sums due under the terms of the Security Instrument given to secure repayment of this Note.

3.5 Late Payment. Any payment made more than fifteen (15) days late shall be assessed a late payment fee of 10%.

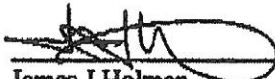
4. Security. The indebtedness evidenced by this Note is secured by Borrower's execution and performance of the Deed of Trust attached as Exhibit 1 ("Security Instrument"). Any amounts due from Borrower to Lender under the terms of the Security Instrument shall be considered additional unpaid principal under this Note.

5. Waiver by All Parties. Borrower and all persons liable or to become liable on this Note; waive notice of acceptance, presentment, protest and demand, and all notices including, without limitation, notice of non-payment, default, dishonor, and demand of this Note; consent to any and all renewals and extensions in the time of payment hereof.

6. Miscellaneous.

6.1 Governing Law, Venue. This Note shall be governed by and construed in accordance with the laws of the State of Oregon. The undersigned agrees that in any suit or action hereon venue will lie in the County of Clackamas and State of Oregon, without waiver, however, of Lender's right to lay venue in any other county or state appropriate for the collection of this Note.

6.2 Usury. In the event this Note should for any reason be found to be in violation of any state or federal statutes relating to usury, Lender may reduce the interest rate on this Note to the legal maximum as provided for by law or regulation and by so doing be relieved of any civil liability.


James J Holman


Candice E Holman

SECURED PROMISSORY NOTE
PAGE 2 OF 3

4

EXHIBIT 2

4P
2011/3

TRUST DEED	
James J. Holman & Candice E. Holman 2020 S. Milk Creek Circle Milwaukie, OR 97042	
Dwight E. Daniels & Laura J. Daniels 23 Carmel Bay Drive Corvallis, OR 97331	
Todd Mitchell Bullivant Houser Bailey P.C. 805 Broadway, Ste 400 Vancouver, WA 98660	

Clackamas County Official Records
Sherry Hall, County Clerk

2011-013147

\$82.00

02/28/2011 08:14:43 AM

M-TD Cnt=1 Stn=1 JANISKEK
\$20.00 \$18.00 \$16.00 \$10.00 \$20.00

By _____, Deputy.

THIS TRUST DEED, made on February 15, 2011, between
James J. Holman and Candice E. Holman, as Grantor,
Dwight E. Daniels and Laura J. Daniels, as Trustee, and
Dwight E. Daniels and Laura J. Daniels, as Beneficiary,

WITNESSETH:
Grantor irrevocably grants, bargains, sells and conveys to trustee, in trust, with power of sale, the property in
Clackamas County, Oregon, described as:

Lot 5, Milk Creek Meadows, in the County of Clackamas and State of
Oregon.

together with all and singular the covenants, conditions and appurtenances and all other rights thereto belonging or in any way
now or hereafter appertaining, and the rents, issues and profits thereof, and all fixtures now or hereafter attached to or used in con-
nection with the property.

FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of grantor herein contained and payment of the sum of \$300,000
with interest thereon according to the terms of a Secured Promissory Note Dated 2/24/10
Dollars, with interest thereon according to the terms of a promissory note of even date herewith, payable to beneficiary or order and made by grantor, the final
payment of principal and interest, if not sooner paid, to be due and payable on April 1, 2014

The date of maturity of the debt secured by this instrument is the date, stated above, on which the final installment of the note becomes due and payable.

To protect the security of this trust deed, grantor agrees:

1. To protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement thereon; and not to
convert or permit any conversion of the property.
2. To complete or cause promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed there-
on, and pay when due all costs incurred therefor.
3. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in ex-
ecuting such financing documents pursuant to the Uniform Commercial Code as the beneficiary may require, and to pay for filing the same in the proper public office
or office, as well as the cost of all fees, charges, costs or searching agencies as may be deemed desirable by the beneficiary.
4. To provide and continuously maintain insurance on the buildings now or hereafter erected on the property against loss or damage by fire and other haz-
ards, as the beneficiary may from time to time require, in an amount not less than \$300,000 written by one or more
companies acceptable to the beneficiary, with loss payable to the lender. All policies of insurance shall be delivered to the beneficiary as soon as issued. If the grantor
shall fail for any reason to procure any such insurance and to deliver the policies to the beneficiary at least fifteen days prior to the expiration of any policy of insur-
ance now or hereafter placed on the buildings, the beneficiary may procure the same at grantor's expense. The amount collected under any fire or other insurance pol-
icy may be applied by beneficiary upon any indebtedness secured hereby and in such order as beneficiary may determine, or at option of beneficiary the entire amount
so collected, or any part thereof, may be released to grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalid-
date any debt hereunder to such notice.

5. To keep the property free from condemnation liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the
property before any part of such taxes, assessments and other charges becomes past due or delinquent and promptly deliver receipts therefor to beneficiary. Should
the grantor fail to make payment of any such taxes, assessments, insurance premiums, fees or other charges payable by grantor, either by direct payment or by providing
beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment thereof, and the amount so paid, with interest at the rate set
forth in the note secured hereby, together with the obligations described in paragraphs 6 and 7 of this trust deed, shall be added to and become a part of the debt
secured by this trust deed, without waiver of any rights arising from breach of any of the covenants hereof. For such payments, with interest as aforesaid, the prop-
erty heretofore described, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation herein described. All such
payments shall be immediately due and payable without notice, and the nonpayment thereof shall, at the option of the beneficiary, render all sums secured by this
trust deed immediately due and payable and shall constitute a breach of this trust deed.

6. To pay all costs, fees and expenses of this trust, including the cost of title search, as well as the other costs and expenses of the trustee incurred in con-
nection with or in enforcing its obligations, and trustee and attorney fees actually incurred.

7. To appear in and defend any action or proceeding brought to effect the security rights or powers of beneficiary or trustee; and in any suit, action or pro-
ceeding in which the beneficiary or trustee may appear, including any suit for the foreclosure of this deed or any suit or action related to this instrument, including
but not limited to its validity and enforceability, to pay all costs and expenses, including evidence of title and the beneficiary's or trustee's attorney fees. The amount
of attorney fees mentioned in this paragraph in all cases shall be fixed by the trial court, and in the event of an appeal from any judgment or decree of the trial court,
grantor further agrees to pay such sum as the appellate court shall adjudge reasonable as the beneficiary's or trustee's attorney fees on such appeal.

It is mutually agreed that:

8. In the event from any portion or all of the property shall be taken under the right of eminent domain or condemnation, beneficiary shall have the right, if it
so elects, to require that all or any portion of the amount payable as compensation for such taking which are in excess of the amount required to pay all reasonable
costs, expenses and attorney fees actually paid or incurred by grantor in such proceedings, shall be paid to beneficiary and applied by it first upon any reasonable
costs and expenses and attorney fees, both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied
upon the indebtedness secured hereby. Grantor agrees, at its own expense, to take such actions and execute such instruments as shall be necessary in obtaining such
compensation promptly upon beneficiary's request.

(OVER)

NOTED: This Trust Deed was recorded in the Public Records of Clackamas County, Oregon, on 02/28/2011 at 08:14:43 AM. The recording fee was \$82.00. The recording fee is not refundable. The recording fee is not refundable. The recording fee is not refundable.

9. At any time, and from time to time upon written request of beneficiary, payment of its fees and presentation of this deed and the note for endorsement (in case of full reconveyance, for cancellation), without affecting the liability of any person for the payment of the indebtedness, trustee may (a) consent to the making of any map or plat of the property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this deed or the fees or charges thereon; or (d) execute, without warranty, all or any part of the property. The grantor in any reconveyance may be described as the "person or persons legally entitled thereto," and the records thereof of any notice or facts shall be conclusive proof of the truthfulness thereof. Trustee fees for any of the services mentioned in this paragraph shall be not less than \$5.

10. Upon any default by grantor hereunder, beneficiary may, at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the sufficiency of any security for the indebtedness hereby secured, cause upon and take possession of the property or any part thereof, in its own name or by or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any indebtedness secured hereby, and in such order as beneficiary may determine.

11. The entering upon and taking possession of the property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or action of default hereunder, or invalidate any act done pursuant to such notice.

12. Upon default by grantor in payment of any indebtedness secured hereby or in grantor's performance of any agreement hereunder, time being of the essence with respect to such payment and/or performance, the beneficiary may declare all sums secured hereby immediately due and payable in whole or in part, and beneficiary may elect to proceed in foreclosure this trust deed in equity as a mortgage or direct the trustee to foreclose this trust deed by advertisement and sale, or may direct the trustee to pursue any other right or remedy, either at law or in equity, which the beneficiary may have. In the event the beneficiary elects to foreclose by advertisement and sale, the beneficiary or the trustee shall execute and cause to be recorded a written notice of default and election to sell the property to satisfy the obligation secured hereby whereupon the trustee shall fix the time and place of sale, give notice thereof as then required by law and proceed to foreclose this trust deed in the manner provided in ORS 86.713 to 86.795.

13. After the trustee has commenced foreclosure by advertisement and sale, and at any time prior to 5 days before the date the trustee conducts the sale, the grantor or any other person so privileged by ORS 86.755 may cure the default or defaults. If the default consists of a failure to pay, when due, sums secured by the trust deed, the default may be cured by paying the entire amount due at the time of the cure or other sums such person as would not then be due had no default occurred. Any other default that is capable of being cured may be cured by restoring the performance required under the obligation or trust deed. In any case, in addition to curing the default or defaults, the person effecting the cure shall pay to the beneficiary all costs and expenses actually incurred in enforcing the obligation of the trust deed, together with trustee and attorney fees not exceeding the amounts provided by law.

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale or the time to which the sale may be postponed as provided by law. The trustee may sell the property either in one parcel or in separate parcels and shall sell the parcel or parcels at auction to the highest bidder for cash, payable at the time of sale. Trustee shall deliver to the purchaser in deed in form as required by law conveying the property so sold, but without any covenants or warranties, express or implied. The time of delivery of the deed shall be conclusively proof of the truthfulness thereof. Any person, including the trustee, but including the grantor and beneficiary, may purchase at the sale.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of: (1) the expenses of this, including the compensation of the trustee and a reasonable charge by trustee's attorney; (2) to the obligation secured by the trust deed; (3) to all persons having recorded liens subsequent to the interest of the trustee in the trust deed as their interest may appear in the order of their priority; and (4) the surplus, if any, to the grantor, or to any successor in interest entitled to such surplus.

16. Beneficiary may, from time to time, appoint a successor or successors to any trustee named herein or to any successor trustee appointed hereunder upon such appointment, and without conveyance to the grantor or trustee, the latter shall be vested with all title, powers and duties conferred upon by trustee herein named or appointed hereunder. Each such appointment and substitution shall be made by written instrument executed by beneficiary, which, when recorded in the mortgage records of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee.

17. Trustee accepts this trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party herein of pending sale under any other deed of trust or of any action or proceeding in which grantor, beneficiary or trustee shall be a party unless such action or proceeding is brought by trustee.

The grantor covenants to and agrees with the beneficiary and the beneficiary's successors in interest that the grantor is lawfully seized in fee simple of the real property and has a valid, unencumbered title thereto, except as may be set forth in any addendum or exhibit attached hereto, and that the grantor will warrant and forever defend the same against all persons whatsoever.

WARNING: Unless grantor provides beneficiary with evidence of insurance coverage as required by the contract or loan agreement between them, beneficiary may purchase insurance at grantor's expense to protect beneficiary's interest. This insurance may, but need not, also protect grantor's interest. If the collateral becomes damaged, the coverage purchased by beneficiary may not pay any claim made by or against grantor. Grantor may later cancel the coverage by providing evidence that grantor has obtained property coverage elsewhere. Grantor is responsible for the cost of any insurance coverage purchased by beneficiary, which cost may be added to grantor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date grantor's prior coverage lapsed or the date grantor failed to provide proof of coverage. The coverage beneficiary purchases may be considerably more expensive than insurance grantor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

The master warrants that the proceeds of the loan represented by the above described note and this trust deed are (choose one):*

(a) for the purchase of real property or for the improvement of real property;
(b) for an organization, or (even if grantor is a natural person) for business or commercial purposes.
This deed applies to, and binds all parties hereto, their heirs, legal heirs, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgees, of the contract secured hereby, whether or not named as a beneficiary herein.

In executing this trust deed, it is understood that the grantor, trustee and/or beneficiary may each be more than one person; that if the contract so requires, the singular shall be taken to mean and include the plural; and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

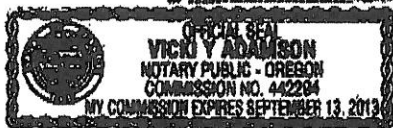
IN WITNESS WHEREOF, the grantor has executed this instrument the day and year first written above.

IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is inapplicable, if warranty (a) is applicable and the beneficiary is a creditor on such word in accordance with the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures. If compliance with the Act is not required, disregard this notice.

James J. Helman

James J. Helman

STATE OF OREGON, County of Clackamas) ss.
This instrument was acknowledged before me on February 25, 2011
by James J. Helman & Candice E. Helman
This instrument was acknowledged before me on _____
by _____



Christi M. Adamson

Notary Public for Oregon
My commission expires 09/13/13

REQUEST FOR FULL RECONVEYANCE (To be used only when obligations have been paid.)

TO: _____ Trustee
The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by the trust deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of the trust deed or pursuant to notice, to cancel all evidence of indebtedness secured by the trust deed (which are delivered to you herewith together with this trust deed) and, to reconvey, without warranty, to the parties designated by the terms of the trust deed, the estate now held by you under the same. Mail the reconveyance and documents to _____

DATED: _____
Do not lose or destroy this Trust Deed OR THIS NOTE which it encloses. Both should be delivered to the trustee for cancellation when reconveyance is made.

Beneficiary

EXHIBIT 3

Form No. 10 - LIFE INSURANCE ASSIGNMENT

ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL

A. For Value Received the undersigned hereby assign, transfer and give over to Dwight F. Daniels
Laurie S. Daniels of (address) 33 Carmel Bay Dr, Carmel, Del Mar, CA 92025
 his successors and assigns, (herein called the "Assignee") Policy No. 138 003870 issued by
☒ AXA Equitable Life Insurance Company ☐ MONY Life Insurance Company of America
☐ AXA Equitable Life and Annuity Company
 (herein called the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being
 herein called the "Policy"), upon the life of

JAMES J. HOLMAN
 of Suburban Insurance Group and all claims, options, privileges, rights, title and interest therein
 and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior
 liens, if any, which the Insurer may have against the Policy. The undersigned by this instrument jointly and severally agree and the
 assignee by the acceptance of this assignment agrees to the conditions and provisions herein set forth.

- B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this assignment and pass by virtue hereof:
1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
 2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow;
 3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances;
 4. The sole right to collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy now or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto; provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the distributions or shares of surplus, dividend deposits and additions shall continue on the plan in force at the time of this assignment; and
 5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom.
- C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment and do not pass by virtue hereof:
1. The right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
 2. The right to designate and change the beneficiary;
 3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer; but the reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents or impair any other right of the Assignee hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this assignment and to the rights of the Assignee hereunder.
- D. This assignment is made and the Policy is to be held as collateral security for any and all liabilities of the undersigned, or any of them, to the Assignee, either now existing or that may hereafter arise in the ordinary course of business between any of the undersigned and the Assignee (all of which liabilities secured or to become secured are herein called "Liabilities").
- E. The Assignee covenants and agrees with the undersigned as follows:
1. That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy had this assignment not been executed;
 2. That the Assignee will not exercise either the right to surrender the Policy or (except for the purpose of paying premiums) the right to obtain policy loans from the Insurer, until there has been default in any of the Liabilities or a failure to pay any premium when due, nor until twenty days after the Assignee shall have mailed, by first-class mail, to the undersigned at the address last supplied in writing to the Assignee specifically referring to this assignment, notice of intention to exercise such right; and
 3. That the Assignee will upon request forward without unreasonable delay to the Insurer the Policy for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement.
- F. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, or the validity or the amount of the Liabilities or the existence of any default therein, or the giving of any notice under Paragraph E (2) above or otherwise, or the application to be made by the Assignee of any amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release therefor to the Insurer. Checks for all or any part of the sums payable under the Policy and assigned herein, shall be drawn to the exclusive order of the Assignee if, when, and in such amounts as may be, requested by the Assignee.
- G. The Assignee shall be under no obligation to pay any premium, or the principal of or interest on any loans or advances on the Policy whether or not obtained by the Assignee, or any other charges on the Policy, but any such amounts so paid by the Assignee from its own funds, shall become a part of the Liabilities hereby secured, shall be due immediately, and shall draw interest at a rate fixed by the Assignee from time to time not exceeding 6% per annum.
- H. The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee, but (except as restricted by Paragraph E (2) above) the Assignee may exercise any such right, option, privilege or power without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or any of them.
- I. The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine, the proceeds of this Policy hereby assigned or any amount received on account of the Policy by the exercise of any right permitted under this assignment, without resorting or regaining to other security.
- J. In the event of any conflict between the provisions of this assignment and provisions of the note or other evidence of any Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.
- K. Each of the undersigned declares that no proceedings in bankruptcy are pending against him and that his property is not subject to any assignment for the benefit of creditors.

Signed and sealed this 8 day of August, 2011
J. J. Holman Sec. (L. S.)

Witness
3601 Sine Mr. Hannah M. 12434 SE Copper
 Street No. City State Zip Code Street No. City State Zip Code
Del Mar, OR 97219 CLACKAMAS, OR 97015
 Witness

Street No. City State Zip Code Street No. City State Zip Code
 153-00921 A Can. #125107E (9/08)

Individual Acknowledgment

STATE OF _____ }
COUNTY OF _____ } ss.:

On the _____ day of _____, 20____, before me personally came
_____, to me known to be the individual _____ described in and who
executed the assignment on the reverse side hereof and acknowledged to me that _____ he _____ executed the same.

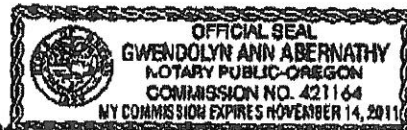
Notary Public

My commission expires _____

CORPORATE ACKNOWLEDGMENT

STATE OF Oregon }
COUNTY OF Multnomah } ss.:

On the 8 day of August, 2011, before me personally came _____
Candice Evangelina, who being by me duly sworn, did depose and say that he resides in Oregon
that he is the Secretary of Integrity Transport Group the corporation described in and which executed the assignment on the
reverse side hereof; that he knows the seal of said corporation; that the seal affixed to said assignment is such corporate seal; that it
was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Gwendolyn Ann Abernathy
Notary PublicMy commission expires 11/14/2011

NOTE: When executed by a corporation, the corporate seal should be affixed and there should be a
Board of Directors authorizing the signing officer to execute and deliver the assignment in the name and on behalf of the corporation.

AXA EQUITABLE LIFE INSURANCE COMPANY HAS
RECORDED AND FILED THIS DOCUMENT, DATED AT
CHARLOTTE
8/19/2011

Cynthia Reese

EXHIBIT 4

State of Oregon
Initial Filing 1 Page(s)

8730073
02/25/11 01:23 PM
OR Sec. of State



8040003011

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

Todd Mitchell

B. SEND ACKNOWLEDGMENT TO: (name and Address)

Todd Mitchell
Bullivant Houser Bailey PC
805 Broadway Street, Suite 400
Vancouver, WA 98660

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

Pacific Courier Services, LLC

OR 1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

12434 SE Capps Rd.

CITY

Clackamas

STATE

OR

POSTAL CODE

97015

COUNTRY

1d. JURISDICTION

ADDL INFO RE ORGANIZATION DEBTOR

1e. TYPE OF ORGANIZATION

1f. JURISDICTION OF ORGANIZATION

Oregon

1g. ORGANIZATIONAL ID #, if any

019746-90

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. JURISDICTION

ADDL INFO RE ORGANIZATION DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSEMBLY OF ASSIGNOR S/P) - insert only debtor name (3a or 3b)

3a. ORGANIZATION'S NAME

OR 3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

Daniels

CITY

Corona Del Mar

STATE

CA

POSTAL CODE

92625

COUNTRY

4. THIS FINANCING STATEMENT covers the following collateral:

Inventory, Equipment, accounts receivables, deposit accounts, intangibles, general intangibles

5. ALTERNATIVE DISPOSITION (if applicable)

☐ LIEN/SECURITY

☐ COMBINATION/COMPOUND

☐ SALE/LEASE

☐ TELETYPE/TELEX

☐ AS. UCC

☐ NON-UCS FILING

6. ☐ This FINANCING STATEMENT is to be filed (for record) in the REAL ESTATE RECORDS.

7. ☐ See Instruction Debit(s)

8. OPTIONAL FILER REFERENCE DATA

401 FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 3/10)

02/25/2011 FRI 11:52 (TX/RX NO 85911) 001

State of Oregon
Corporation Division - UCC
Public Service Building - 255 Capitol Street NE, Suite 151
Salem, OR 97310-1327
(503) 986-2200 Facsimile (503) 373-1166

MAR 03 2011

ACKNOWLEDGMENT NOTICE

SCANNED
21910-4

BULLIVANT HOUSER BAILEY PC
ATTN TODD MITCHELL
805 BROADWAY ST STE 400
VANCOUVER, WA 98660

File Number: 8730073
File Date: 02/25/2011
Exp. Date: 02/25/2016
Entered By: thejoh
Doc Type: UCC
New Filing

Your document was filed showing the file number and date listed above.

If you have any questions regarding this notice, contact the Secretary of State, Corporation Division. Please refer to the file number listed above.

Note: You can access our records or filing forms through the Internet at the address:

<http://www.ucc.sos.state.or.us>

Secured party of record name(s) and address(es)

Individual: DANIELS, DWIGHT E.
23 CARMEL BAY DRIVE
CORONA DEL MAR, CA 92625

Debtor name(s) and address(es)

Organization: PACIFIC COURIER SERVICES, LLC
12434 SE CAPPS RD.
CLACKAMAS, OR 97015

EXHIBIT 5



503/829-3100

503/553-0030

May 20, 1968

☒ Individually, without a co-signer or guaranty of a relative or other person (s) or entity
☒ Jointly, with the co-signature or guaranty of one or more persons or entities (including existing guarantors)
 (If jointly, name other person or entity)

Married

© 2000 Blackwell Science Ltd, *Journal of Internal Medicine* 247: 111–118

February 1, 2011

INCOME AND EXPENSES

INCOME AND EXPENSES

Alimony, child support or separate maintenance payment income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Section 2		STOCKS AND BONDS			
Description	No. Shares	Registered in Name of	Price per share	Purchased on Margin/Pledged	Total Value
					\$
					\$
					\$
					\$
					\$

INTERESTS IN CLOSELY HELD BUSINESS

Section 2a		Registered in	Source and Date	Total
Description	Value of Business	Name of	of Valuation	Value
PCS	5,000,000	James Holman	\$ 1.00	\$ 5,000,000
			\$ 1.00	\$ -
				\$ 5,000,000

Section 3 TAXES

Section 3	Amount of Tax Refund Due	Amount of Tax Owed
		\$

Section 4 LIFE INSURANCE

Insured	Primary Beneficiary	Face Amount	Actual Cash Value	Loans on Policy	Name of Company	Location of Office
James Holman	Holman Family Trust	\$ 10,000,000	\$ -	\$ -	West Coast Life	PDX, OR
James Holman	Holman Family Trust	\$ 50,000	\$ 12,500	\$ -	NW Mutual	PDX, OR
				\$ -		
	Total	\$ 10,050,000	\$ 12,500	\$ -		

Section 5 ACCOUNTS AND NOTES RECEIVABLE

[illegible]

Section 6 REAL ESTATE OWNED

Section B	Property A	Property B	Property C	Property D
Type of Property	Primary Residence	Beach House		
Address	Mulino, OR	Gleneden Beach, OR		
Owner	James & Candice Holman	James & Candice Holman		
Date Purchased	8/1/2003	6/1/2004		
Original Cost	\$ 400,000	\$ 240,000		
Present Market Value	\$ 775,000	\$ 400,000		
Mortgage Holder	Countrywide	Citibank		
Annual Taxes	\$ 5,000	\$ 2,500		
Monthly Income	\$ -	\$ -		
Monthly Payments	\$ 1,980.00	\$ 1,100.00		
Mortgage Balance	\$ 450,000	\$ 220,000		

670k Total Refers to 20

Section 7 OTHER ASSETS AND PERSONAL PROPERTY

Automobiles		RV / Boats		Personal Prop.		Totals	
Year/Make	Value	Year/Make	Value		Value		
2008 Chevy	\$ 45,000	2005 SeaSport	\$ 110,000	Furniture	\$ 35,000	Autos	\$ 110,000
2010 Range	\$ 65,000	2007 Sleds (4)	\$ 45,000	Jewelry	\$ 90,000	R/V's	\$ 158,000
		2005 ATV	\$ 3,000	Equipment	\$ 170,000	Per. Prop	\$ 339,000
				Others	\$ 44,000		
Subtotal Autos	\$ 110,000	Subtotal R/V's	\$ 158,000	Subtotal per prop	\$ 339,000	Total oth. assets	\$ 607,000

Section 8 NOTES AND LOANS PAYABLE (EXCLUDED REAL ESTATE)						
Payable To	Address	Collateral	Person (s) Liable	Maturity Date	How Payable \$ per month	Balance Due
GEFCU	Milwaukie, OR	Suburban	James & Candice Holman	3/3/13	\$ 840	\$ 39,000
GEFCU	Milwaukie, OR	Rover	James & Candice Holman	6/15/15	\$ 1,000	\$ 65,000
National City Bank	Cleveland, OH	Boat	James & Candice Holman	9/1/24	\$ 667	\$ 92,000
Totals						\$ 196,000

Section 9 ACCOUNTS AND BILLS PAYABLE (Including Bank Cards)					
	Payable to	Account Number	Person (s) Liable	How Payable \$ per month	Balance Due
Bankcharge Cards	Paid off monthly				\$ -
Bankcharge Cards					\$ -
Open & Revolving Accts					\$ -
Open & Revolving Accts					\$ -
Other					\$ -
Total					\$ -

Section 10 OTHER LIABILITIES				
Payable To	Person (s) Liable	Collateral	How Payable per Month	Balance Due
				\$ -
				\$ -
				\$ -
				\$ -

APPLICANT INFORMATION				
Social Security Number	Employer	Salary	Occupation	No of Years
540-06-6613	PCS	\$ 225,000	CEO	10

Alimony, child support or separate maintenance payment income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation

Alimony - Do you have alimony payments? (yes/no) No

Have you established a trust? (yes/no) Yes

Have you made a will? (yes/no) Yes Have you guaranteed or endorsed the notes of any other person? (yes/ no) No

Have any actions or suits been filed against you or are there any unsatisfied judgements or decrees entered against you, or have you ever been adjudged bankrupt or made any assignments for creditors? (yes/no) No If answered "Yes", please explain:

Explanation:

CO-APPLICANT INFORMATION				
Social Security Number	Employer	Salary	Occupation	No of Years
543-17-2131	Homemaker	\$ -	Homemaker	

Alimony, child support or separate maintenance payment income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation

Alimony - Do you have alimony payments? (yes/no) No

Have you established a trust? (yes/no) Yes

Have you made a will? (yes/no) Yes Have you guaranteed or endorsed the notes of any other person? (yes/ no) No

Have any actions or suits been filed against you or are there any unsatisfied judgements or decrees entered against you, or have you ever been adjudged bankrupt or made any assignments for creditors? (yes/no) No If answered "Yes", please explain:

Explanation:

SIGNATURES			
<p>I authorize lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date (s). I understand that Columbia Community Bank is relying on this statement of my financial condition in making loan (s) to me. Columbia Community Bank may disclose to any other interested party Lender's experience with this account. I agree to inform the Lender immediately of any matter which will cause any significant change in my financial condition. I understand that Lender will retain this financial statement whether or not credit is granted.</p>			
Applicant's Signature	Date	Co-Applicant's Signature	Date

EXHIBIT 6

8730073-1
08/18/11 03:40 PM
OR Sec. of State



9041493711

UCC FINANCING STATEMENT /
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

unisearch
325 13th ST NE STE 601, Salem, OR 97301-2294
Ref: 1115

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #

8730073 filed February 25, 2011

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS.

2. ☒ **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. ☐ **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ☐ **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. **AMENDMENT (PARTY INFORMATION):** This Amendment affects ☐ Debtor ☐ Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in item 6 and/or 7.

☐ **CHANGE** name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c. ☐ **DELETE** name: Give record name to be deleted in item 6a or 6b. ☐ **ADD** name: Complete item 7a or 7b, and also item 7c; also complete item 7d-7g (if applicable).

6. **CURRENT RECORD INFORMATION:**

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. **CHANGED (NEW) OR ADDED INFORMATION:**

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. ADD'L INFO RE ORGANIZATION DEBTOR 7e. TYPE OF ORGANIZATION 7f. JURISDICTION OF ORGANIZATION 7g. ORGANIZATIONAL ID #, if any

8. **AMENDMENT (COLLATERAL CHANGE):** check only one box.
Describe collateral: ☐ deleted or ☐ added, or give entire ☐ restate collateral description, or describe collateral ☐ assigned. ☐ NONE

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

OR 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
Daniels Dwight E.

10. **OPTIONAL FILER REFERENCE DATA**

105551-0000 OR SOS

404 FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 3/10)